



**CAPITAL
GROWTH
FUND
LIMITED**

Annual Report
FOR THE YEAR ENDED MAY 31st, 1969

CAPITAL GROWTH FUND LIMITED

Officers and Directors

J. P. WALWYN	<i>President and Director</i>
J. C. STODGELL	<i>Vice-President and Director</i>
N. A. MITCHELL	<i>Treasurer and Director</i>
A. M. HASTON	<i>Secretary</i>
R. F. CHISHOLM	<i>Director</i>
B. COLLOMBIN	<i>Director</i>
H. J. McLAUGHLIN, Q.C.	<i>Director</i>
J. E. D. STUART	<i>Director</i>

Bankers and Custodian of Securities

BANK OF MONTREAL
50 King St. W., Toronto

Auditors

GLENDINNING, JARRETT, GOULD & Co.
Toronto

Distributing Agents

WALWYN STODGELL & Co. LIMITED



TO THE SHAREHOLDERS:

On behalf of the Directors of your Company, I am pleased to present herewith the financial statement of the Company for the year ended May 31st, 1969.

The period under review was a most satisfactory one for Capital Growth Fund. In the first place, the number of shares increased from 53,365 on May 31st, 1968 to 98,797 on May 31st, 1969. Also, the value of these shares increased from \$459,284. (or \$8.61 per share) to \$983,574. (or \$9.96 per share). The share value represented an increase of 15.7%.

Since May 31st a substantial decline in stock values has occurred in most major markets. The value of Capital Growth Fund shares at June 30th, 1969 was \$9.19.

During the year quarterly dividends at the rate of six cents per share (24 cents for the year) were continued.

Respectfully submitted,

J. P. WALWYN,

President

July 28th, 1969

CAPITAL GROWTH FUND LIMITED

(Incorporated under the laws of the Province of Ontario)

BALANCE SHEET

AS AT MAY 31, 1969

(With comparative figures for 1968)

ASSETS

	1969	1968
Investments, at quoted market values	\$ 949,194	457,533
(Average cost 1969 — \$899,672 1968 — \$431,239)		
Cash	43,728	9,403
Accrued interest receivable	3,564	1,264
Dividends receivable	2,489	1,132
Income taxes recoverable		170
	<u>\$ 998,975</u>	<u>469,502</u>

LIABILITIES

Due to broker	\$ 8,517	6,466
Account payable	550	550
Income taxes payable	531	
Dividend payable	5,803	3,202
	<u>\$ 15,401</u>	<u>10,218</u>

SHAREHOLDERS' EQUITY

Capital stock

Class 'A' shares, (see notes) redeemable, non-voting

Authorized — 524,000 shares of 20¢ each

Issued — 1969—97,797, 1968—52,365 shares

\$ 19,559 10,473

Class 'B' shares

Authorized — 1,000 shares of 20¢ each

Issued — 1969—1,000, 1968—1,000 shares

200 200

\$ 19,759 10,673

Contributed surplus

2,280 2,942

Capital redemption reserve

693,043 257,721

Net realized appreciation of investments

218,528 161,328

Retained earnings

442 326

\$ 934,052 432,990

Unrealized appreciation of investments

49,522 26,294

\$ 983,574 459,284

\$ 998,975 469,502

Net asset value per 'A' and 'B' share

\$ 9.96 8.61

Approved by the Board:

J. P. WALWYN, Director

N. A. MITCHELL, Director

**STATEMENT OF INCOME AND EXPENSE
FOR THE YEAR ENDED MAY 31, 1969**

(With comparative figures for 1968)

	<u>1969</u>	<u>1968</u>
INCOME		
Dividends and interest	\$ 24,756	15,595
EXPENSES		
Accounting fees	\$ 1,500	1,200
Audit and legal	900	900
Directors' fees	500	400
Interest and bank safekeeping charges	1,209	790
Printing charges	602	838
General expense	750	522
	<u>\$ 5,461</u>	<u>4,650</u>
Income before income taxes	\$ 19,295	10,945
Provision for income taxes	1,500	600
Net income for the year	<u>\$ 17,795</u>	<u>10,345</u>

NOTES TO FINANCIAL STATEMENTS

May 31, 1969

- Class 'A' shares are redeemable at the option of the holder on the terms as set out in the supplementary letters patent dated February 17, 1959 to the extent of the capital redemption reserve available. Under an agreement dated December 4, 1964, the Company, as optionor, grants to the optionee a sole exclusive and irrevocable option to purchase at any time for cash during a period up to and expiring December 31, 1969, all or any part of the presently unissued Class 'A' shares of the Company. The option price shall be the 'liquidating value' per Class 'A' share as set out in the letters patent and supplementary letters patent of the Company and being the net value of the assets of the Fund divided by the number of outstanding shares.
- Of the authorized 524,000 Class 'A' shares, 110,137 shares have been issued to date of which 12,340 shares have been redeemed and cancelled, leaving 413,863 shares available for issue. The changes during the year were as follows:
45,432 Class 'A' shares were issued for cash of \$444,497.

AUDITORS' REPORT

To the Shareholders,

CAPITAL GROWTH FUND LIMITED.

We have examined the accompanying financial statements of Capital Growth Fund Limited for the year ended May 31, 1969 comprising the balance sheet as at that date, the statements of income and expense, retained earnings, contributed surplus, capital redemption reserves, net realized appreciation on investments, and changes in net assets for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

In our opinion the aforementioned financial statements present fairly the financial position of the Company as at May 31, 1969 and the results of its operations and the changes in net assets for the year then ended, in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Toronto, Ontario,

(Signed) GLENDINNING, JARRETT, GOULD & Co.

Chartered Accountants.

CAPITAL GROWTH FUND LIMITED

SCHEDULE OF INVESTMENT PORTFOLIO

As at May 31, 1969

Face Amount		Market Value		
			1969 %	1968 %
Bonds & Debentures				
\$ 65,000	Govt. of Canada 6¾ %, July 1, 1969	\$ 65,000		
25,000	Govt. of Canada 5¾ %, October 1, 1969	24,750		
20,000	Govt. of Canada 7%, May 1, 1970.....	19,880		
10,000	W. R. Grace Co. Conv. 4¼ %, 1990.	8,623		
30,000	Traders Group 8¾ %, Dec. 15, 1973.	30,150		
<u>\$ 150,000</u>		<u>\$148,403</u>	15.6	14.8

Number of Shares

Preferred and Class "A" Stock

600	Cdn. Pac. Inv. 4¾ %, Serial A Conv..	23,325		
1,200	Murphy Oils 5¾ % "A" Conv. Pfd. .	35,100		
5,000	Realty Capital "A".....	21,750		
1,500	Shell Investments 5½ % Pfd.	45,937		
1,000	Traders Group 5% Serial "A" Conv..	23,500		
1,000	U.A.P. Inc. Class "A".....	20,500		
<u>10,300</u>		<u>\$170,112</u>	17.9	10.6

Common Stock

1,000	Alcan Aluminium.....	32,625		
2,000	Bank of Montreal.....	30,376		
700	Bell Canada.....	34,737		
2,000	Burns Foods Ltd.....	49,126		
8,700	Canada Tungsten.....	16,312		
1,000	Cara Operations.....	11,625		
400	Chrysler Corporation.....	21,880		
700	Continental Oil (Delaware).....	28,293		
1,200	Dominion Foundries & Steel.....	27,976		
2,000	Dominion Textile.....	34,250		
800	Fruehauf Corporation.....	34,813		
550	General Shale Products	20,303		
1,500	Harvey Foods Ltd.....	13,313		
2,000	Iso Mines.....	9,600		
1,300	Kerr Addison Mines.....	21,044		
1,200	Moore Corporation.....	41,850		
1,000	Noranda Mines.....	34,813		
900	Olin Mathieson Chemical.....	29,465		
500	Rival Mfg.....	14,685		
350	Southam Press.....	22,312		
4,000	Spar Aerospace.....	21,000		
4,500	Sullivan Consolidated.....	36,562		
500	Trans Canada Pipelines.....	21,875		
500	Walker-G. & W.....	21,844		
		<u>\$630,679</u>	66.5	74.6
		<u>\$949,194</u>	100.0	100.0

CAPITAL GROWTH FUND LIMITED

STATEMENTS OF RETAINED EARNINGS, CONTRIBUTED SURPLUS, CAPITAL REDEMPTION RESERVE, NET REALIZED APPRECIATION ON INVESTMENTS FOR THE YEAR ENDED MAY 31, 1969

(With comparative figures for 1968)

	1969	1968
RETAINED EARNINGS		
Balance beginning of year	\$ 326	2,501
Net income for the year ended May 31	17,795	10,345
Amount transferred from contributed surplus	750	1,500
	<u>\$ 18,871</u>	<u>14,346</u>
<i>Deduct:</i> Dividends paid	18,429	14,020
Balance end of year	<u>\$ 442</u>	<u>326</u>
CONTRIBUTED SURPLUS		
Balance beginning of year	\$ 2,942	4,338
<i>Add:</i> Portion of consideration received on allotment of Class 'A' and Class 'B' shares	88	104
	<u>\$ 3,030</u>	<u>4,442</u>
<i>Deduct:</i> Portion applicable on redemption of Class 'A' shares	750	1,500
Balance end of year	<u>\$ 2,280</u>	<u>2,942</u>
CAPITAL REDEMPTION RESERVE		
Balance beginning of year	\$ 257,721	292,748
<i>Add:</i> Portion of consideration received on allotment of Class 'A' and Class 'B' shares set aside as capital redemption reserve in accordance with supplementary letters patent	435,322	50,737
	<u>\$ 693,043</u>	<u>343,485</u>
<i>Deduct:</i> Portion applicable on redemption of Class 'A' shares		85,764
Balance end of year	<u>\$ 693,043</u>	<u>257,721</u>
NET REALIZED APPRECIATION ON INVESTMENTS		
Balance beginning of year	\$ 161,328	128,135
<i>Add:</i> Excess of Proceeds of Sale over Average Cost of Investments	57,200	33,193
Balance end of year	<u>\$ 218,528</u>	<u>161,328</u>

STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MAY 31, 1969

(With comparative figures for 1968)

	1969	1968
NET ASSETS AT BEGINNING OF YEAR	\$ 459,284	440,868
Net income	17,795	10,345
Realized gain on investments	57,200	33,193
Increase in unrealized appreciation of investments	23,228	24,663
Proceeds from shares issued	444,497	52,129
	<u>\$1,002,004</u>	<u>561,198</u>
Cost of shares redeemed	\$	87,894
Dividends paid	18,430	14,020
Decrease in unrealized appreciation of investments		
Realized loss on sale of investments		
	<u>\$ 18,430</u>	<u>101,914</u>
NET ASSETS AT END OF YEAR	<u>\$ 983,574</u>	<u>459,284</u>

